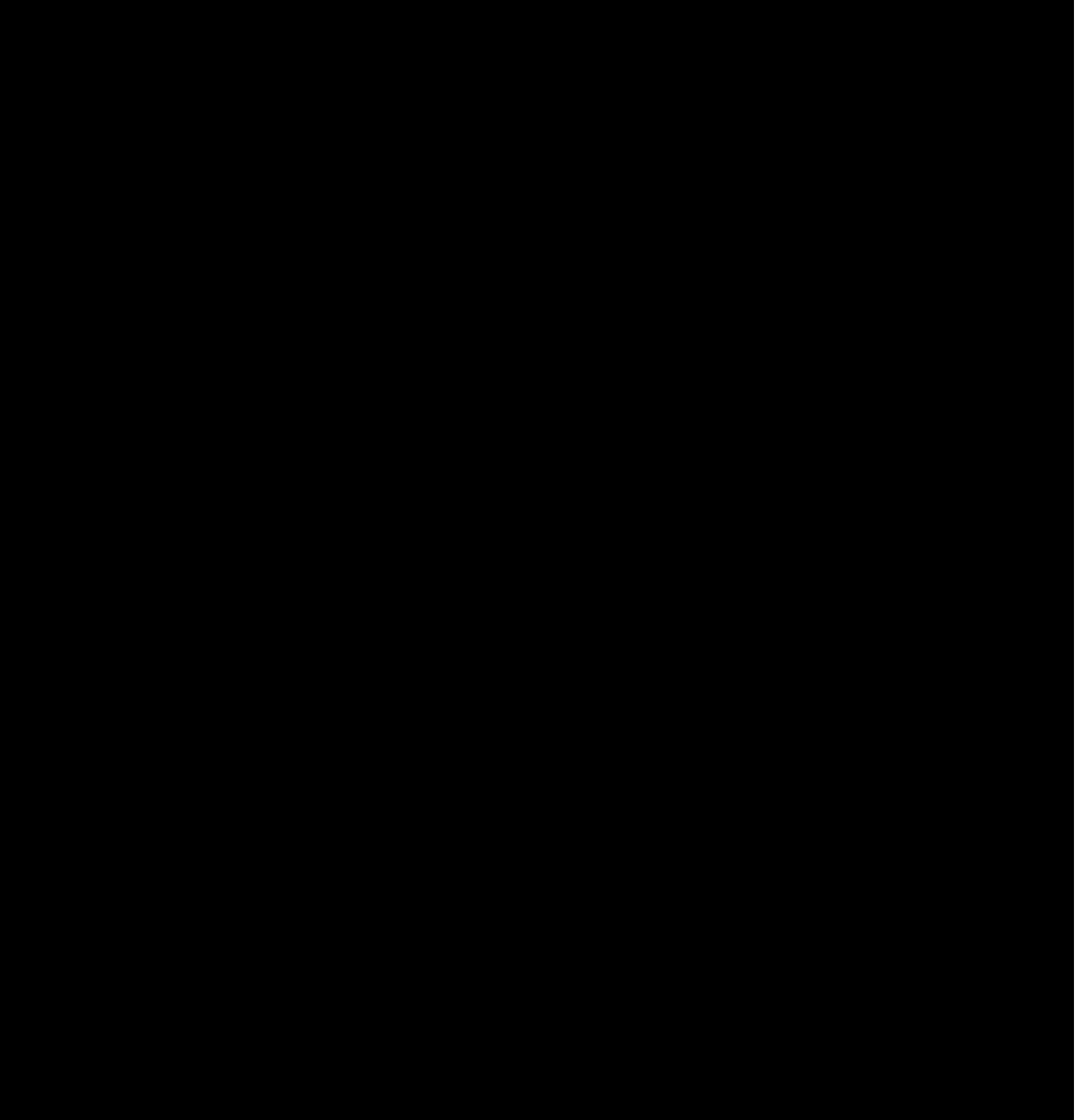


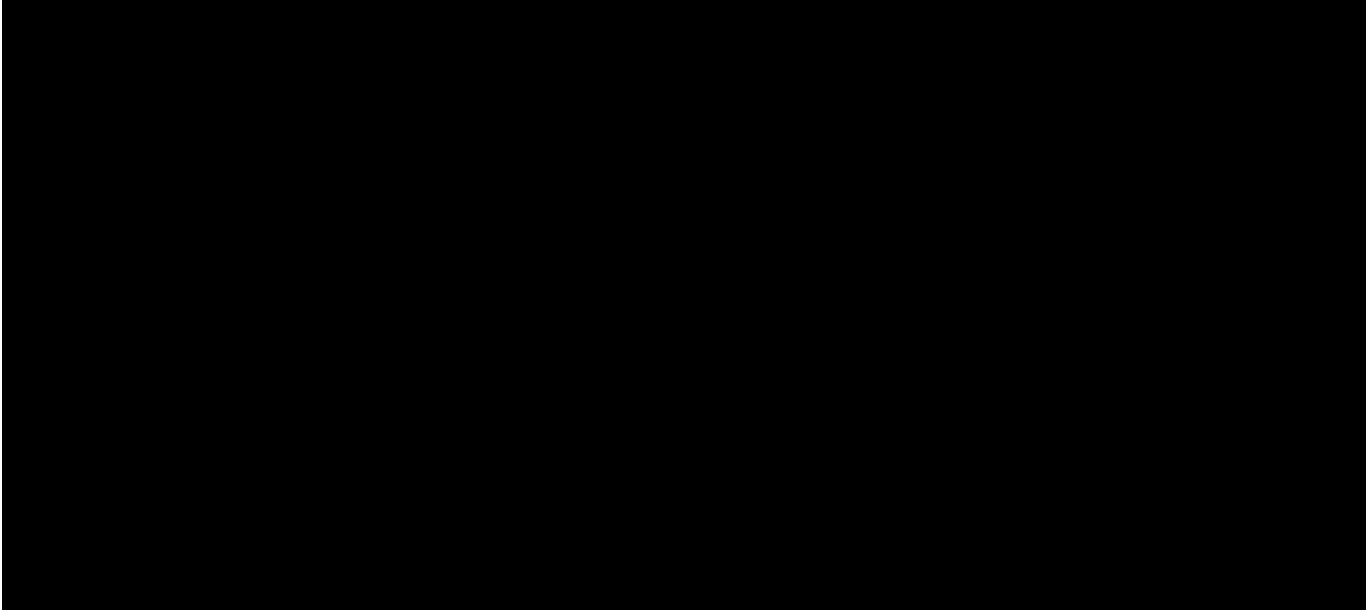
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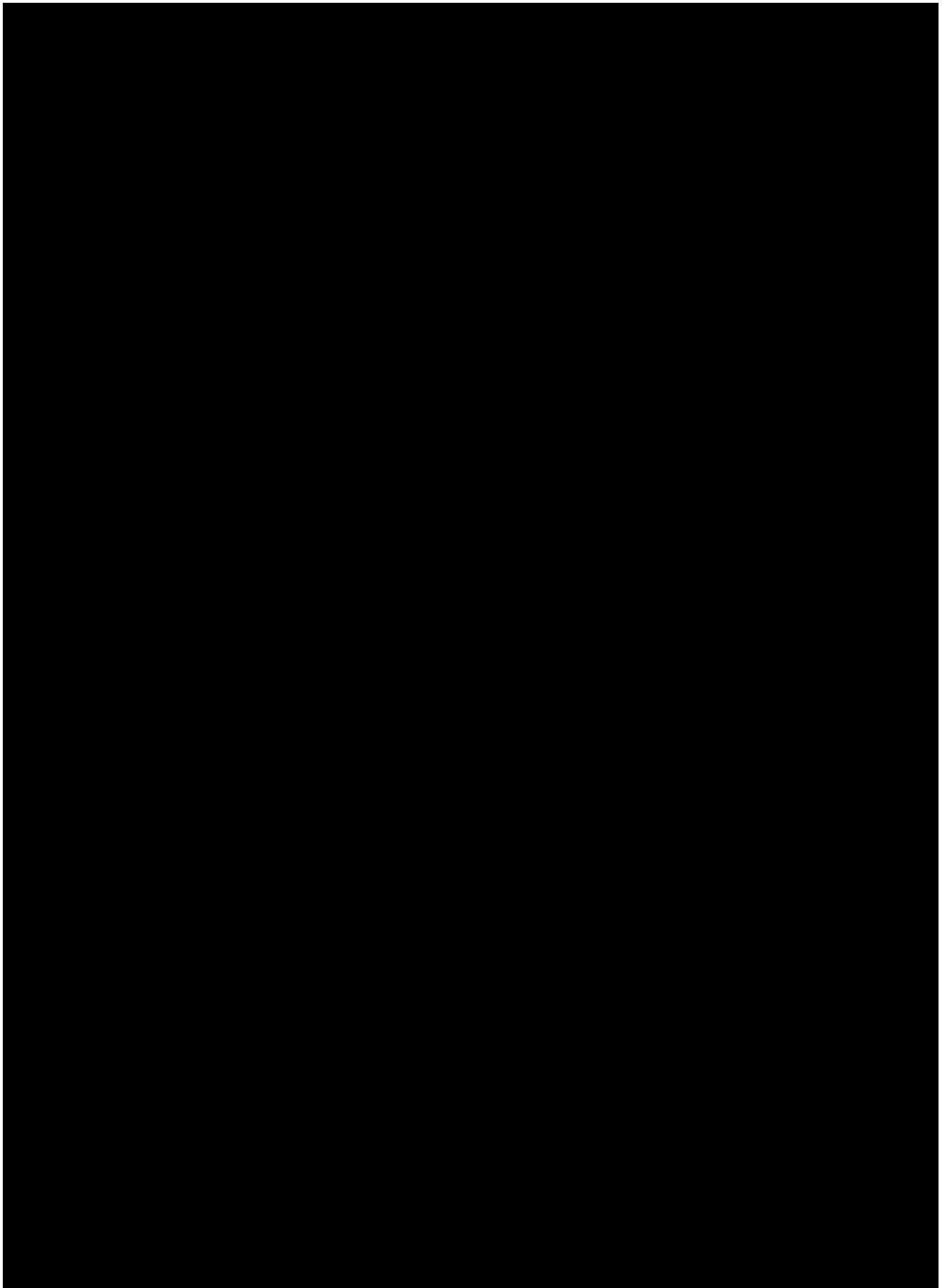
**MEMORANDUM**

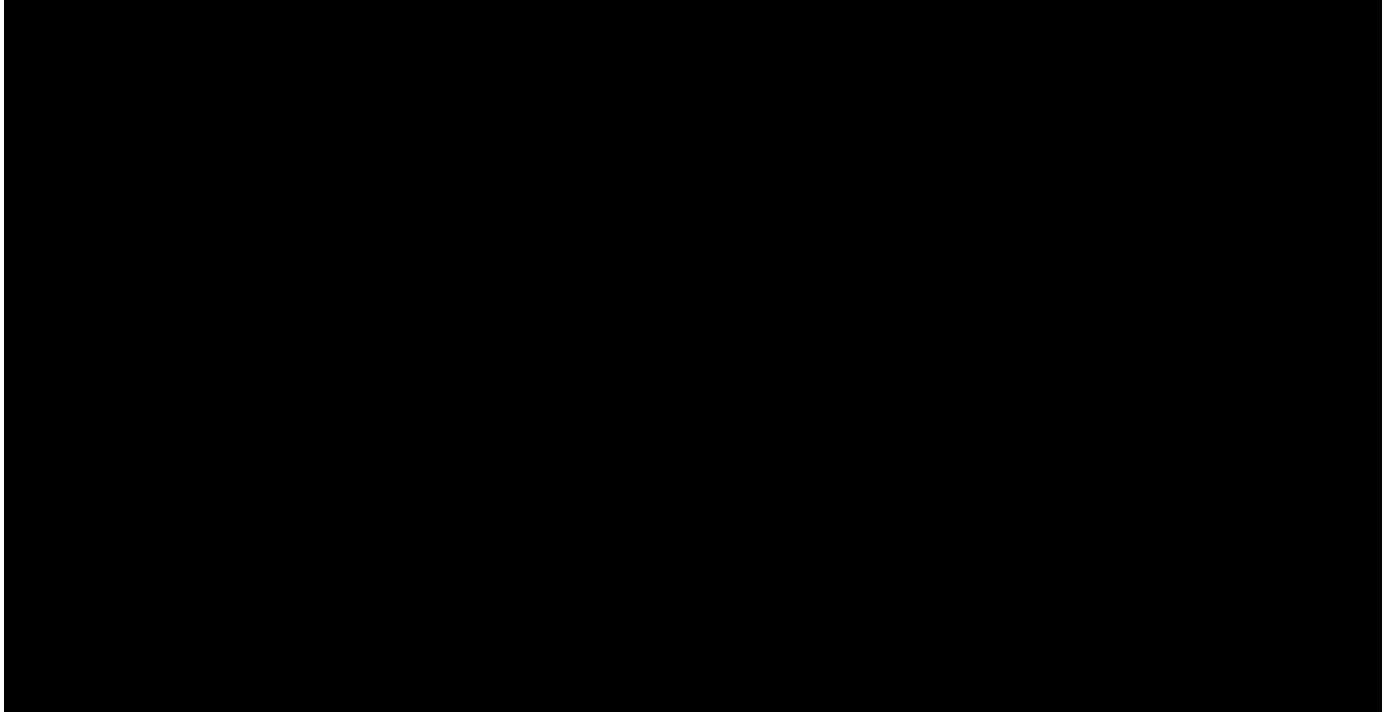
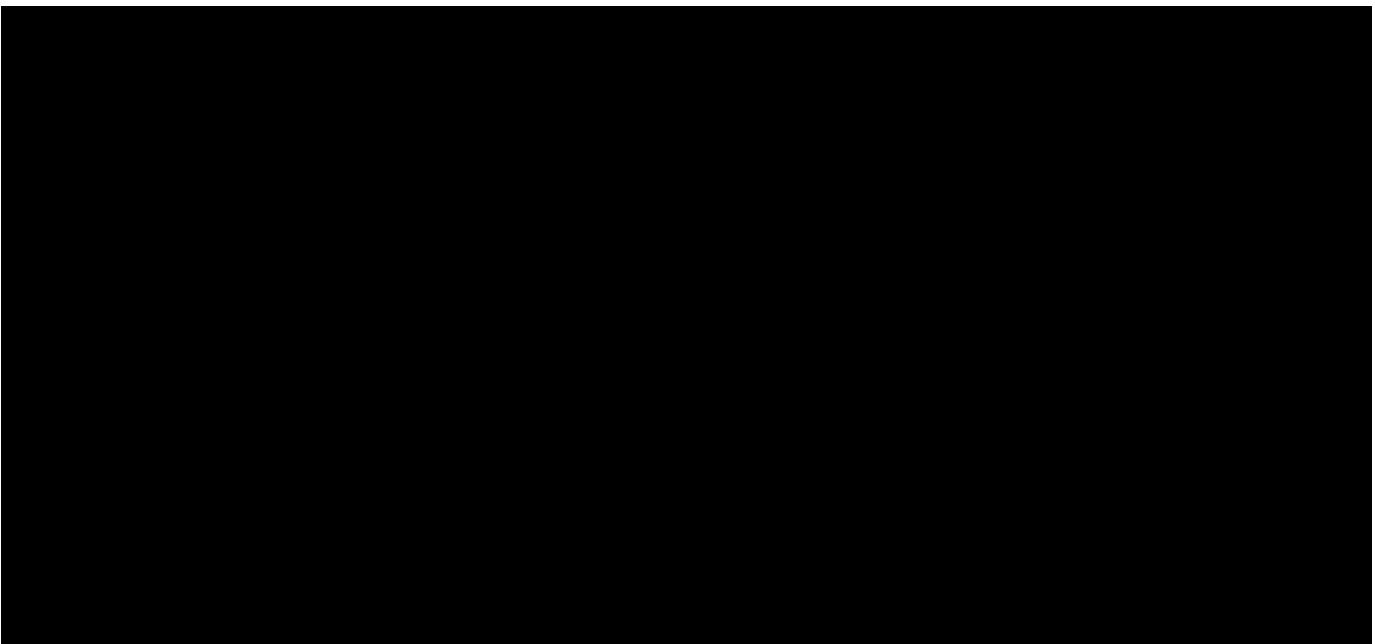
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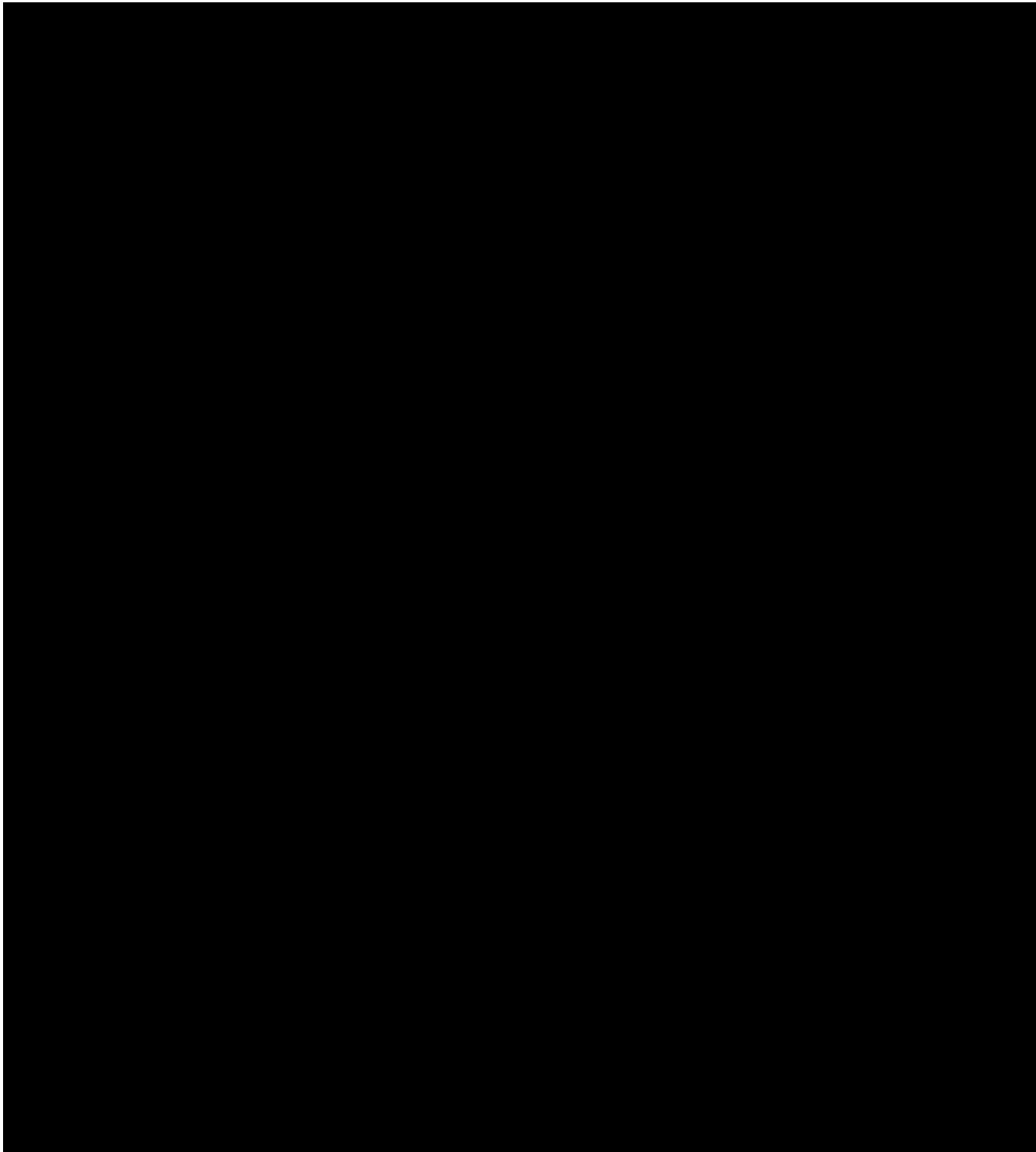
**Date:** May 16, 2024



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- Only person he knows of who has actually invested in companies for 40 years and for 25 years has been communicating what that investment process is like to smart students.  
“Done it and taught it.”
- 



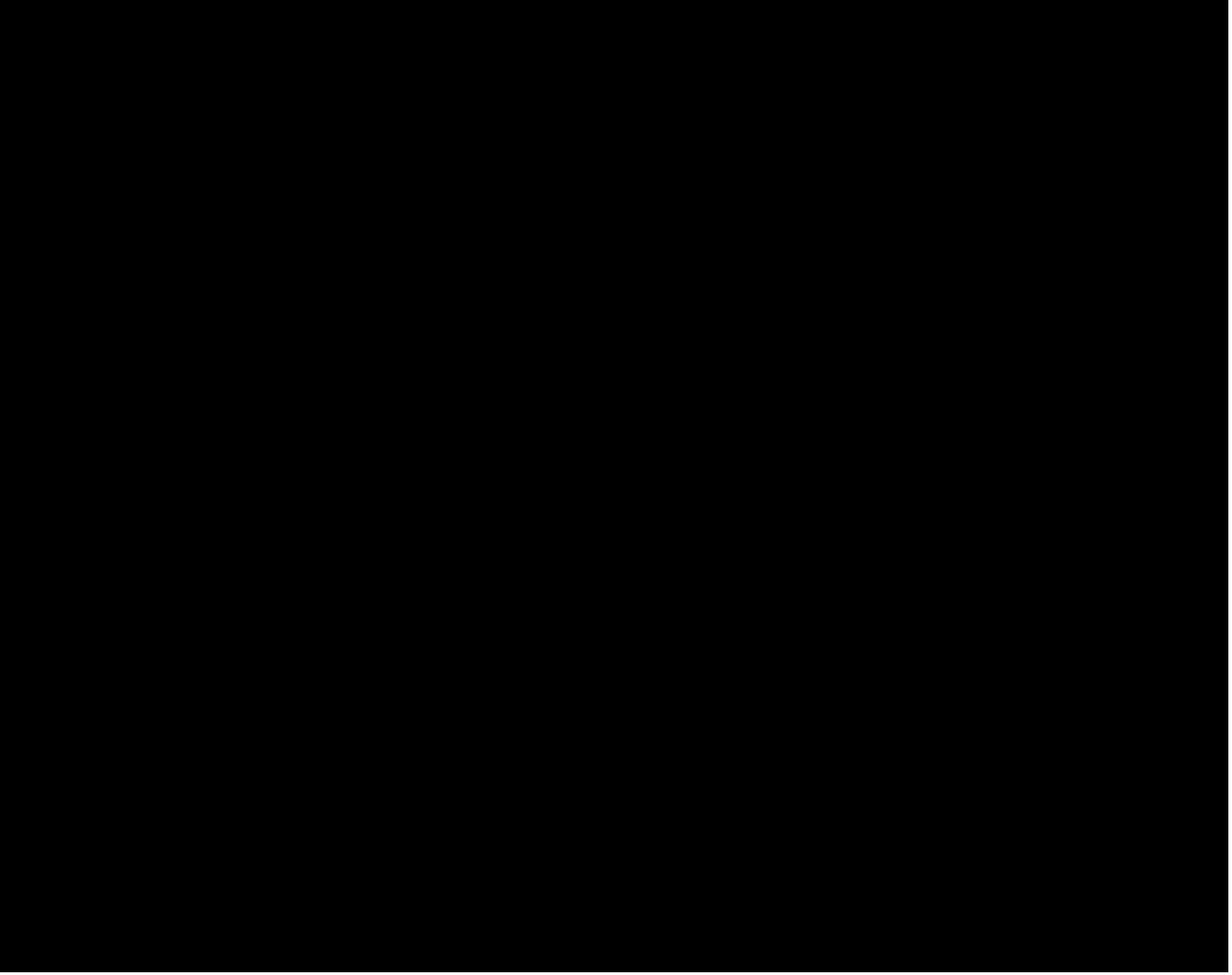
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- SM says that's a missed opportunity. If I'm an M&A professional and acquiring the business, how could I make that decision without talking to the people within the house.
  - Otherwise, what's the point of buying this?
  - If in the clean tech area deal, I'd reach out and invite a clean tech company in to decide if the dog will eat the dog food – invite someone in who would be a potential customer and say if they can do what they're saying they can, then I'd buy it. JPMC has all these entities within the bank, so why would you not ask them. It would be a flaw not to, in my opinion.
  - SM would put together M&A team of not just those who crunch numbers, but those who can speak to if the acquisition will be synergistic, can get potential new demographic, etc.
- 



**MEMORANDUM**

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Date: June 4, 2024



- MC: Typical definition of roll-up is you have large data set, say similar events in time. There are lots of clicks per users and you have the data for each customer ID over say, 12 months. Roll-up means a time aggregation across time period in one single aggregated data point. Want to average across time to find average of data.
  - MC: It is not typical to roll up across different variables but can be reasonably done. Not understanding Unique IDs. Each user should only appear once in the data set?
  - [REDACTED] Would this be an easy way to check if all observations are unique?

- MC: Exactly. Not a time series, just a unique set.

[REDACTED]

- MC: That's one option. They could have matched Unique ID for Sam across all columns.

[REDACTED]

- MC: Just guessing. Either we misunderstand the roll-up process or the roll-up process was useless. Agree that rolling up on unique IDs would render the exercise useless.

- MC: JPMC did not pay a lot for this exercise? Only \$1,695?

[REDACTED]

- [REDACTED] Rolling up to show that each user is unique? Is that possible here?

- MC: Yes. Each occurrence would be the same. Don't want to count the same user 4 times for 4 submissions at 4 time points.
- [REDACTED] Could they have done that analysis with unique ID?
  - MC: No, if they provided unique ID for every entry. If for every individual, yes. Latter is more legit.

[REDACTED]

- MC: Another potential point: is it common for Frank users to have several applications?

[REDACTED]

- MC: ID resolution is trying to infer who person is and their tendencies, to different degrees. Acxiom has a definition

[REDACTED] Sometimes you validate what type of user they are, sometimes you e exact identity of the person.

- [REDACTED] What do you think JPMC would've been interested in?

- MC: Likely marketable potential of customers.

- [REDACTED] Is there any value to this exercise with Unique IDs?
- MC: Agree, very little value. But not no value.
  - Name, DOB, zip code, phone, etc. is much more valuable than nothing.

[REDACTED]

- MC: Will take deep dive into spreadsheet to answer questions.
- [REDACTED] Acxiom could've conducted something close to true ID resolution?
- MC: Yes. Does Acxiom have JPMC data? Need answer to that.
  - Either way they can do ID resolution, if imperfect.
  - Disagree with email that you don't need address to perform ID resolution.
- MC: Why do ID resolution? Not just for sake of doing it? Do it for particular purpose. Need JPMC data to compare.

[REDACTED]

[REDACTED]

- MC: Must define what is user, what is engagement. Can vary widely. If you measure engagement on Frank platform, not sure it correlates to active user on JPMC platform. Frank data not granular, only one observation that is average per month. No time frame. No session count of 1.

[REDACTED]

- MC: Losing time granularity. Only two metrics. Many other metrics could be measures: number of clicks, dwell time, what they click, time of day, mobile v desktop, etc.

■ [REDACTED] What conclusions can be drawn from this limited data, if any?

- MC: Can think about potential to show users ads. Can be useful to generate revenue.

- [REDACTED]
  - MC: This table is very aggregated. They should have had same table for different demographics. Losing a lot of valuable information without further delineation.

- [REDACTED] Could they have done more?

- MC: Yes, with age data, could've been more specific.

- [REDACTED] Could think someone who was looking at this data in sophisticated, serious way would have wanted to analyze in light of investment goals?

- MC: Totally agree. Trying to make a lot of guesses. Would love more documents on goals.

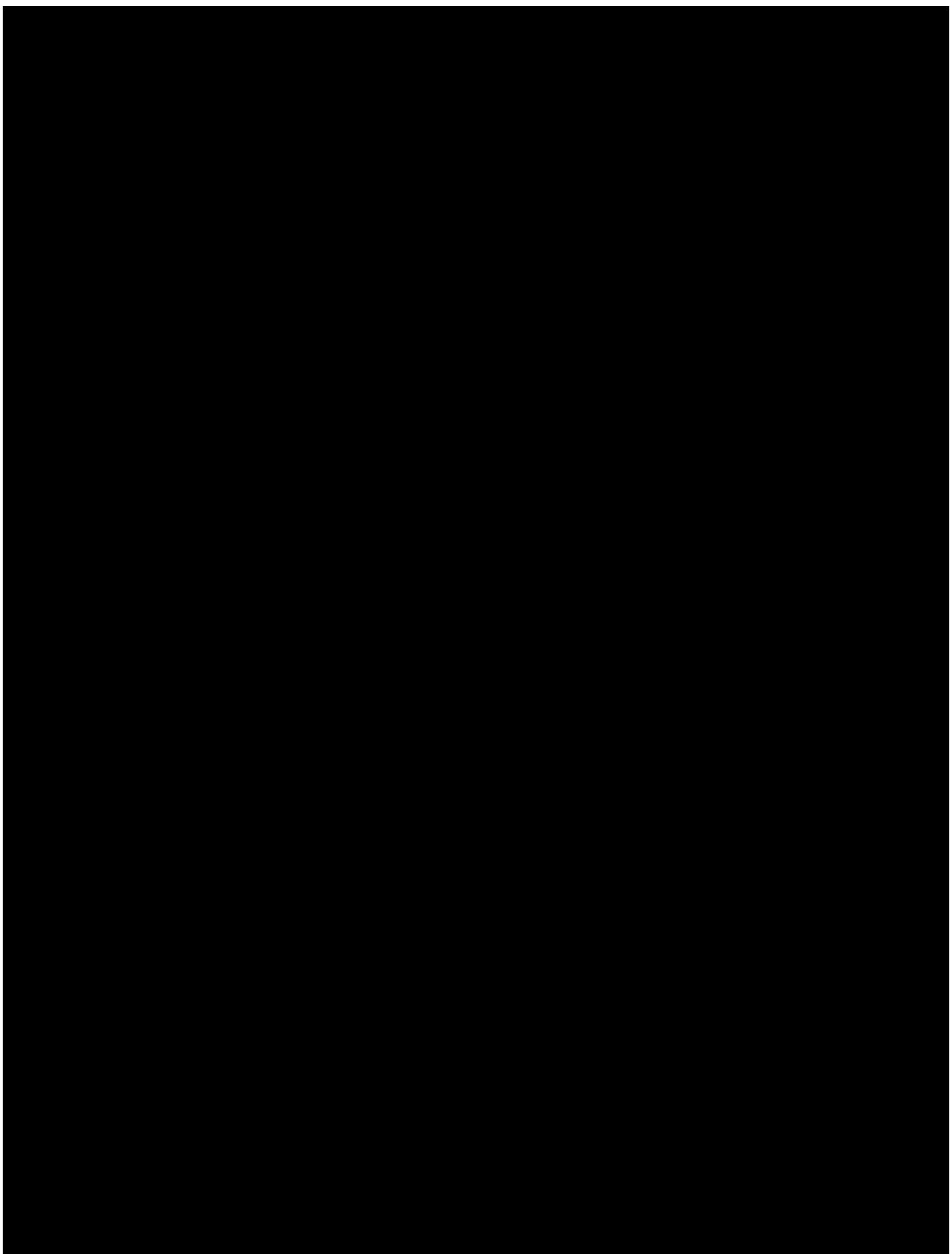
- [REDACTED] Could login screen get you to 2 sessions?

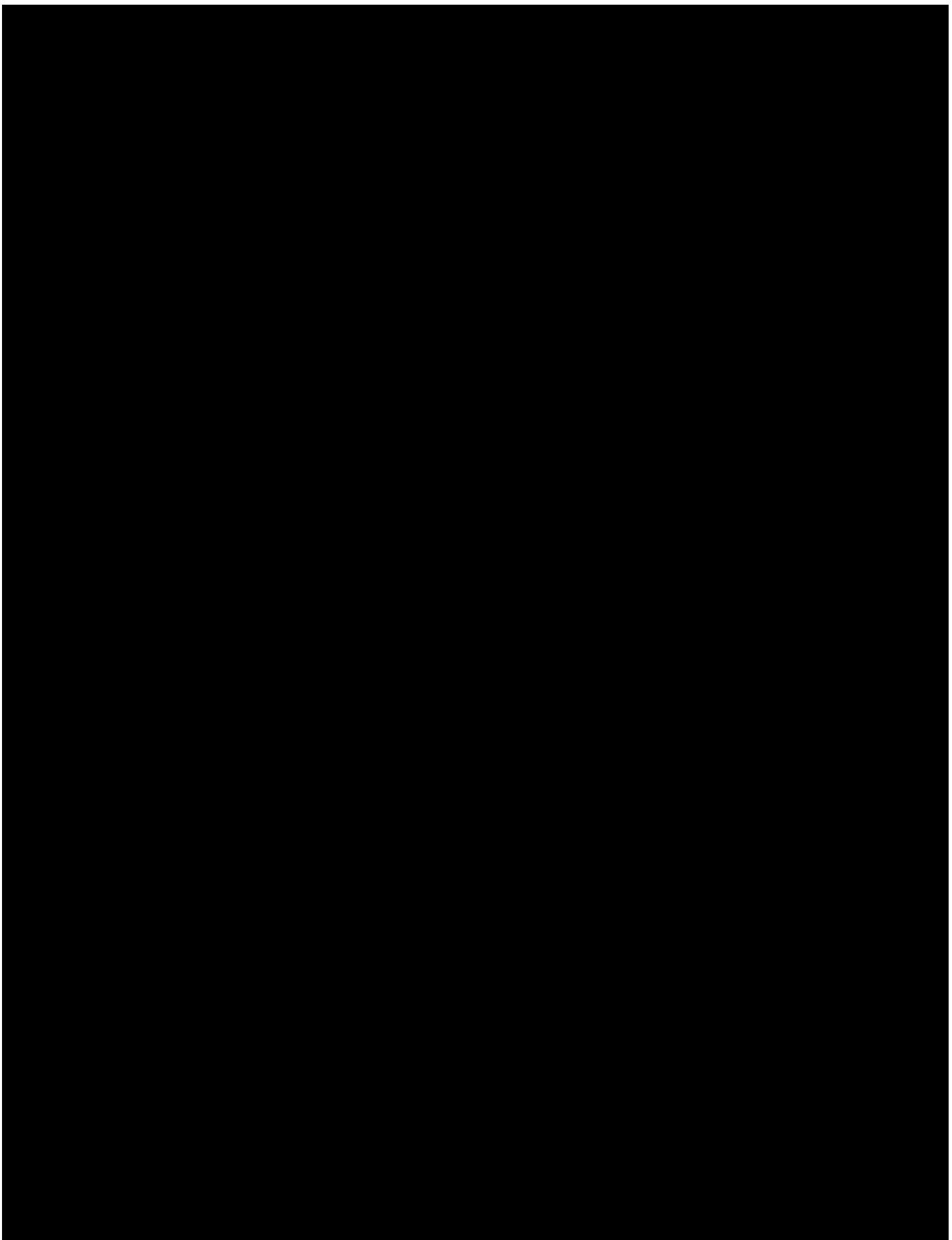
- MC: Possible 2FA makes it twice.

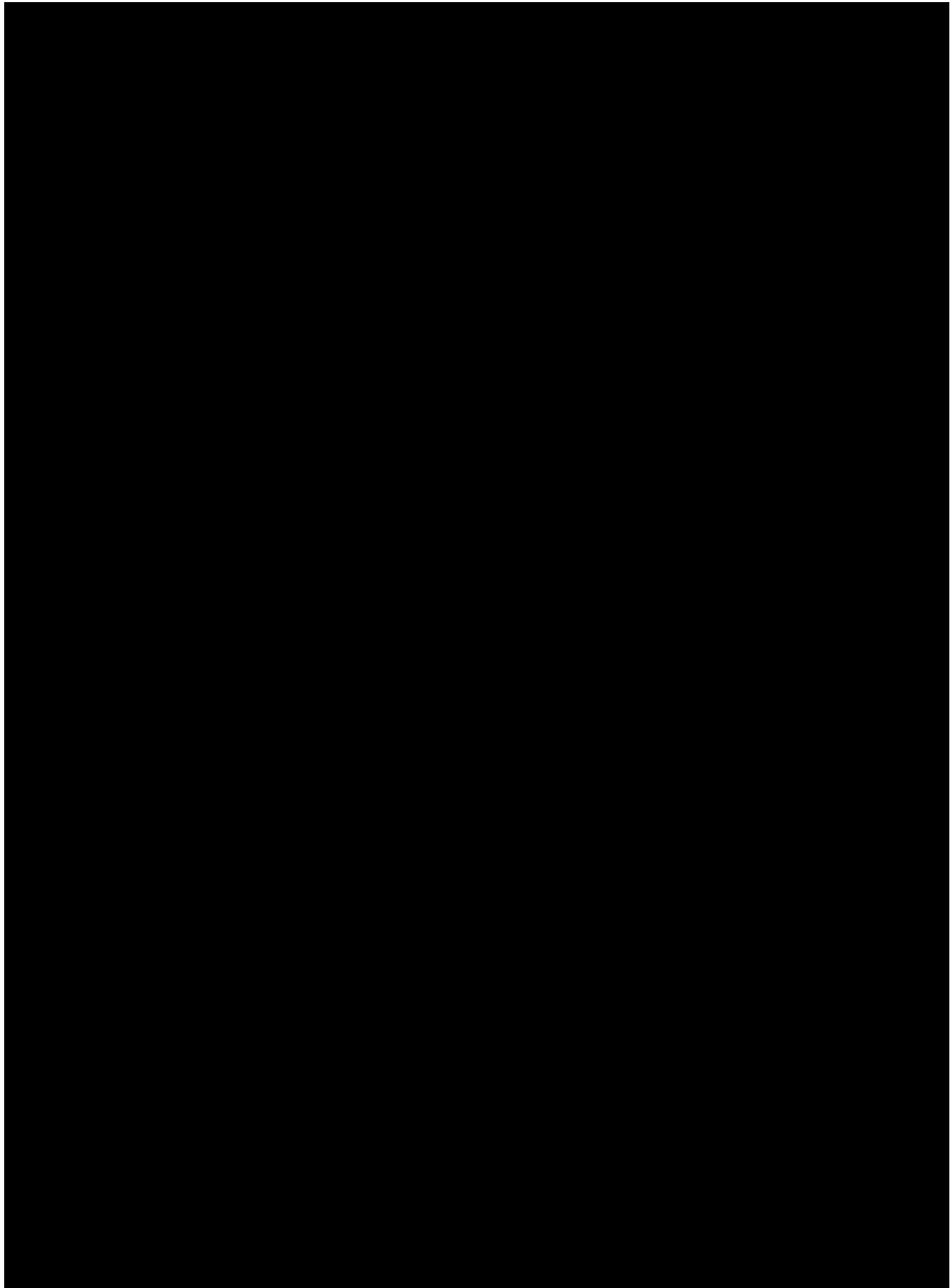
- MC: One sanity check is to confirm user demographic histogram with Acxiom. Note "data sources from last 120 days." Can be highly unstable over just a few months. Should check across aggregate data. Would do additional checks over different time periods?

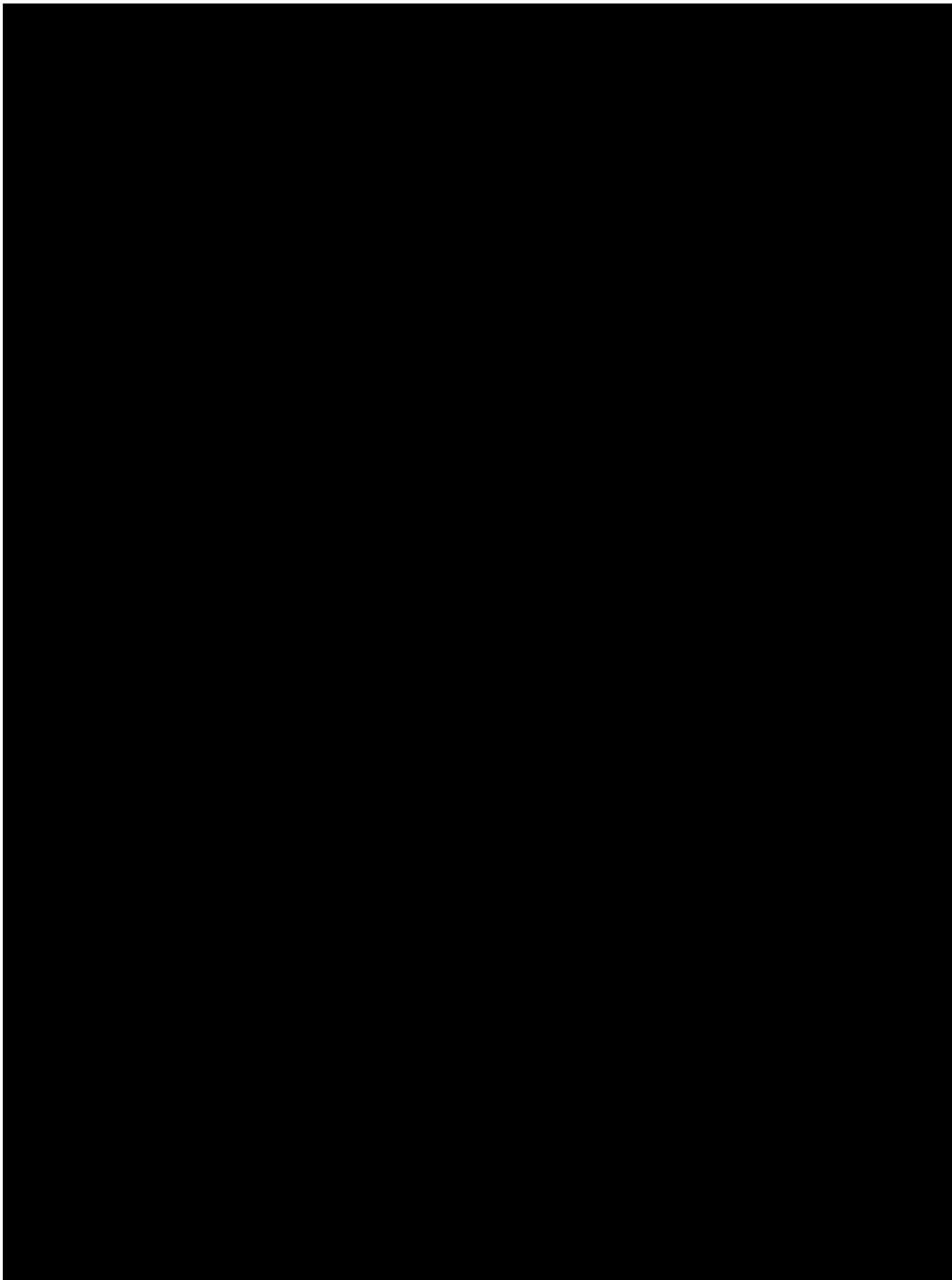
[REDACTED]  
ow would they have verified?

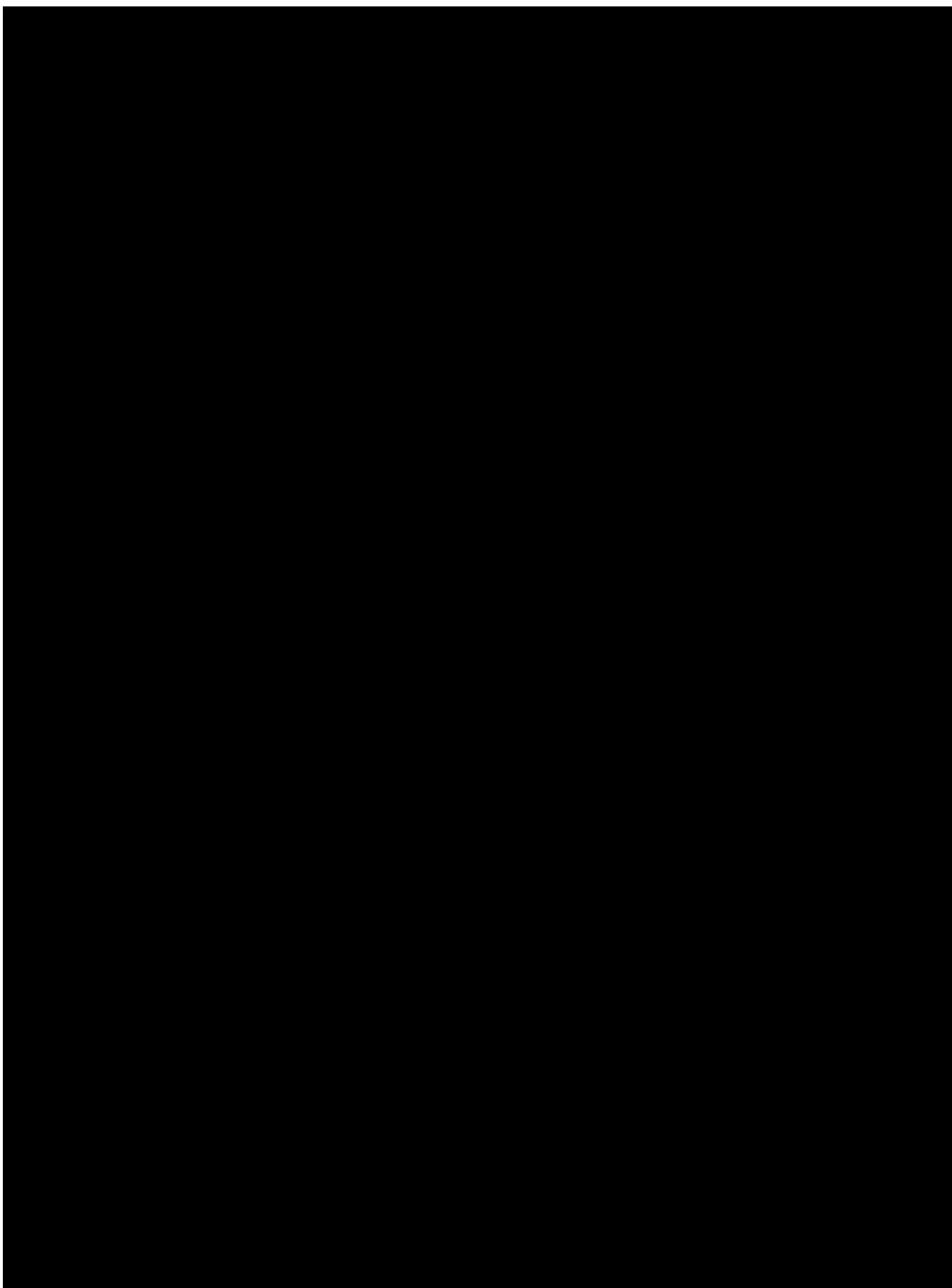
- MC: Lots you can do. Verify users exist, take small sample, hire someone to call individual numbers and match first/last name. Overlapping/matching users is also important. Would also try to understand what proportion of users are likely to be interested. Do they already have checking account? Do a survey of a sample of the users, etc. Where are the users located, more granular understanding of who the users are.

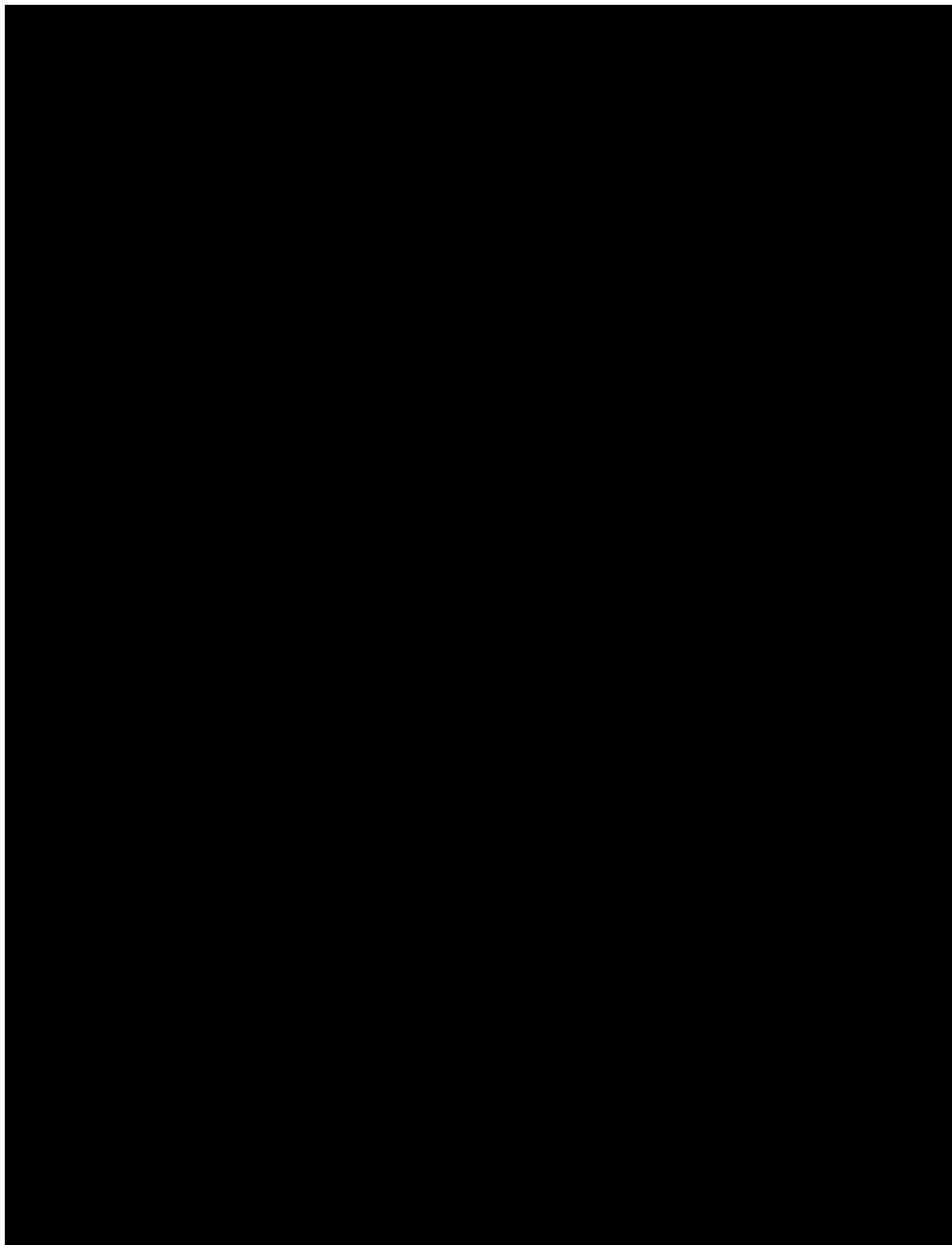


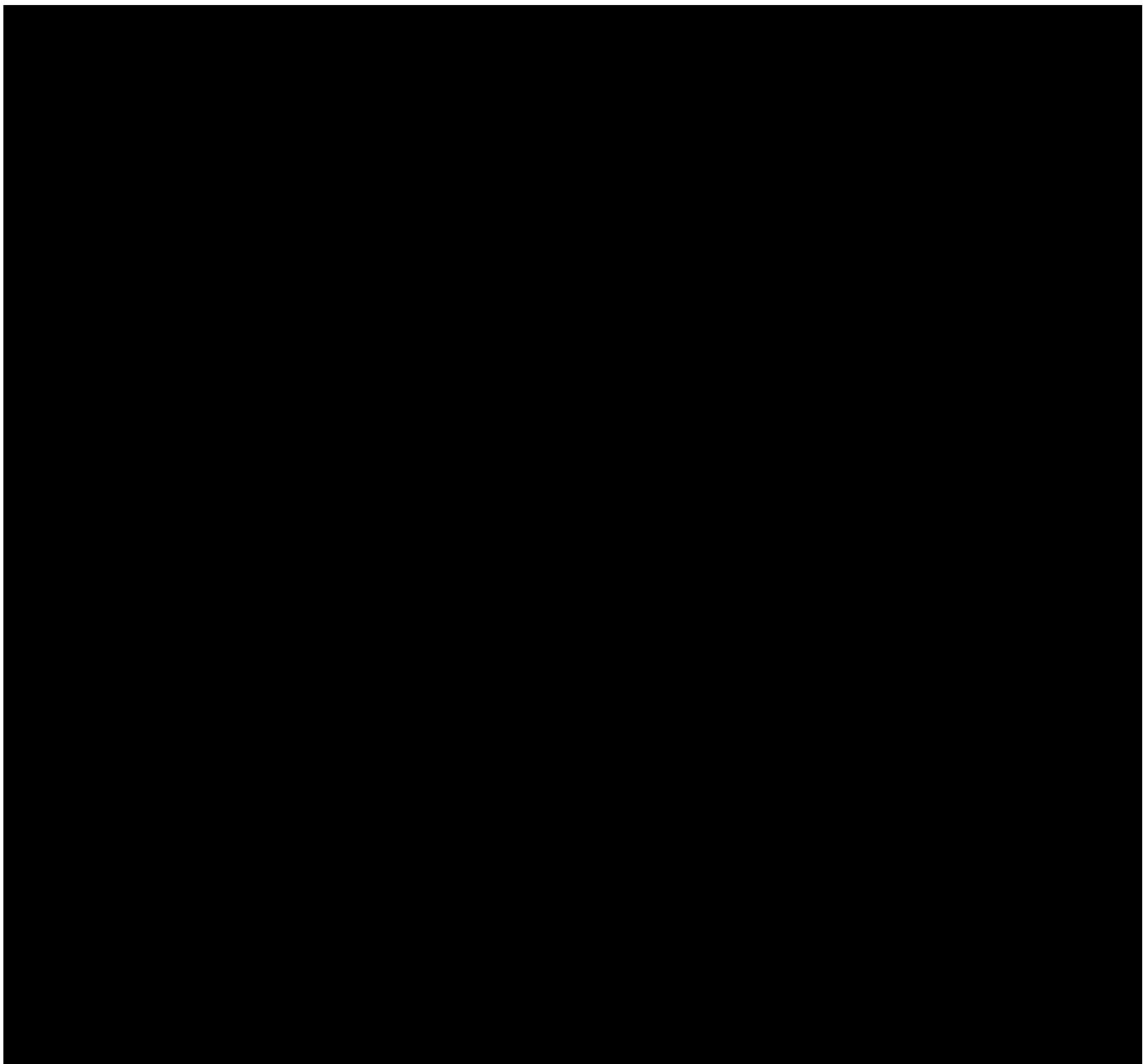












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**MEMORANDUM**

**Date:** June 6, 2024

- [REDACTED] JPMC hired Axiom to conduct data validation exercise. Have you had a chance to look at that report at all?
  - SM: Not sure I have a specific point of view, but happy to look at documents today. [REDACTED]
  - SM: From what I understand, JPMC's diligence process was not very good.
- [REDACTED]

[REDACTED] The other component was the "roll-up." No identity resolution or customer match, JPMC elected not to pursue.

- SM: That's malpractice. Fundamentally, JPMC has endless money. No stone should have gone unturned. Not sure how you go forward with transaction like

this without evaluating most important asset. They work with Acxiom all the time, but they took Frank at their word.

- SM: What do we know about competition to acquire Frank?

- [REDACTED] At least one other bank, but they backed out before deal.
  - [REDACTED] Other point is that JPMC believed there was competition.
  - SM: That's on JPMC, not Frank.

- SM: [REDACTED]

[REDACTED] I can establish that the diligence process was a 2 or 3 out of a 10. I feel comfortable with this narrative based on what I've seen. Just not sure it's important if there was high level pressure, unless we can back it up.

- SM: My role is to look at what Frank is supplying, and whether that is reasonable to supply. Everyone agrees due diligence process was B double A.
  - [REDACTED] Not asking you to focus on Frank, asking you to focus on JPMC.
  - SM: JPMC had significant leverage, could have renegotiated. Like buying a house, burden switches from seller to buyer once intent is signed. Had they continued to do more due diligence up to closing, they could've uncovered some of this and negotiated lower price. They had the leverage, but they gave up on due diligence too early. Could have walked away from the deal. Just help me with the reasonable doubt point.

- SM: When Gov says they were buying the list, we can say: bad diligence prior to signing, bad diligence prior to closing, discovered holes but felt was still workable despite issues.

[REDACTED] SLM

partnership, JPMC acknowledges they aren't sure SLM will work with JPMC.

- SM: JPMC could've made one phone call to SLM and figured this out before agreeing to buy Frank. This is JPMC, they have the resources.

- SM: Fine through closing, but Gov will ask: how many deals did purchaser not get what they wanted, but made it successful? You never get 100% of what you think. That's why due diligence is important. JPMC's process is inexcusable.

- [REDACTED] Don't need you to speculate on why they did what they did. Sufficient to say that the process was so bad, lacking in rigor, this can't be full story.
  - SM: Makes sense, need to show poor diligence.

- SM: Go over it again. Very comfortable with where we're at. Find it hard to believe kid from Wharton could bamboozle JPMC.

- [REDACTED] If you look at financial analysis on first slide, talking about synergies. Modeling acquisition as creating a NPV of \$568M to justify PP.
- SM: None of this analysis matters unless you can confirm the 4M names to begin with.
- [REDACTED] Fair to say you'd expect some sort of analysis to back up the assumption of new incremental accounts?
  - SM: Of course, not sure where else they'd get that from.

- Any reaction to 2 week exclusivity period?
  - SM: Exclusivity periods are pretty standard after LOI. 2 weeks is a pretty short period of time unless a lot of diligence was already done. But based on memo, nothing was done. 2 weeks short to get all diligence done.
  - SM: Would be useful to have a timeline.